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# Wisconsin Briefs

*from the Legislative Reference Bureau*

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Brief 08-1

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## LOW-INCOME ENERGY ASSISTANCE FEE

### INTRODUCTION

Starting July 1, 2007, electric utility customers in Wisconsin began seeing a new line item on their bills.

2005 Wisconsin Act 141, effective July 1, 2007 (with some exceptions), restructured funding for the state's low-income energy assistance programs. The act does not affect the assistance programs, only the manner in which they are funded.

**Prior to Act 141, the energy assistance programs were funded primarily by federal grants, but also by utility company charges passed on to customers as part of their rates, and by a portion of the Public Benefits fixed charge for energy programs. The Public Benefits fixed charge used to fund not only low-income energy assistance programs, but also energy efficiency and renewable energy programs. Act 141 separates the low-income assistance programs from the other energy programs. The low-income assistance portion of the former Public Benefits charge is now a separate line item on utility customers' bills.**

Act 141 also makes various changes in state energy efficiency and renewable energy programs. The Public Service Commission will formulate recommendations on how to allocate recovery of charges and whether the amounts should be itemized on customer bills. It is due to report those recommendations to the governor and the legislature in 2008.

This brief addresses only the portions of Act 141 relating to the low-income assistance programs, not the forthcoming changes in the energy efficiency and renewable energy programs.

### PRIOR LAW: UTILITY PUBLIC BENEFITS

1999 Wisconsin Act 9, the biennial budget act of that session, created utility public benefits grant programs administered by the Wisconsin Department of Administration for low-income energy assistance, energy conservation and efficiency, and renewable energy resources. The Utility Public Benefits Fund that paid for the grants was financed both by fees charged directly to customers, and the amounts that utilities had spent on energy programs prior to 1999 Wisconsin Act 9 (a mandatory minimum of 0.5% of their annual operating revenues), which the utilities passed on to customers as part of the electric rates charged. The separate fees charged directly to customers accounted for roughly one-quarter of the approximately \$62 million in total revenues deposited annually into the Utility Public Benefits Fund.

The fixed charge for public benefits on a utility customer's bill was capped at 3% of monthly charges, subject to a \$750 maximum fee. The amounts embedded in utility charges were not capped.

Investor-owned utilities were required to pay the public benefits fees into the fund. Rural electric cooperatives and municipal electric utilities were also required to charge the fees, but had the option of using the revenue either to conduct their own "commitment to community" programs or to contribute to the state programs.

### 2005 WISCONSIN ACT 141

2005 Wisconsin Act 141 changed the way the programs are administered, separating the

low-income energy assistance program from the energy efficiency and renewable energy resource programs, but did not substantively change the assistance program itself. The most significant change is in how the program is funded. Under Act 141, the state share of funding for assistance programs is from the new low-income assistance fee, which the law requires to be listed as a separate line on a customer's utility bill.

Act 141 provides that the amount of the fee an electric utility (except a municipal utility) must charge is to be determined by rule promulgated by the Department of Administration. Fees collected by utilities are considered trust funds of the department, not income of the utility. The law caps the low-income assistance fee charged to a utility customer at no more than 3% of all the other charges on the monthly bill, or \$750, whichever is lower.

Retail electric cooperatives and municipal utilities are required to charge low-income assistance fees sufficient to generate an annual average of \$8 per meter, with charges to individual members or customers capped at 1.5% of the total of other charges on the monthly bill, or \$375, whichever is lower.

As was true under prior law, different fee amounts (whether established by rule in the case of electric utilities, or determined by a retail electric cooperative or municipal utility) can apply to different classifications of customers (residential or nonresidential).

The fee for electric utility residential customers (other than municipal utility) is currently a maximum of \$0.0977 per day (typically \$2.97 per month), per electric meter. For business customers, it is a maximum \$0.19408 per day (about \$5.90 per month), per meter for demand up to 200 kilowatts. For customers over 200 kilowatts, it is no more than \$5.23026 per day (about \$159 per month), per meter. All of these amounts are subject to the 3% or \$750 cap. Customers with multiple meters can

apply for refunds of fee amounts exceeding \$750.

## ENERGY ASSISTANCE PROGRAMS

The Department of Administration administers energy assistance programs for low-income households. The Wisconsin Home Energy Assistance Program (WHEAP) provides assistance to eligible households with income at or below 150% of the federal poverty level for the applicable household size. The program is operated by local social and human service agencies at the county level. Limited funding may also be available through the Keep Wisconsin Warm Fund (KWWF) for crisis assistance to low-income households that are over the WHEAP income eligibility limits but are having difficulty paying their utility bills. Eligibility for KWWF is at or below 200% of the federal poverty level.

The department also administers a home weatherization program for low-income households to reduce utility costs through energy conservation improvements. Eligibility guidelines are similar to those for WHEAP, but also extend to recipients of certain income supplement programs and to households with high energy usage and with an elderly or handicapped person, or a child under age six.

## FOR MORE INFORMATION

To view a copy of 2005 Wisconsin Act 141, see: [www.legis.state.wi.us/2005/data/acts/05Act141.pdf](http://www.legis.state.wi.us/2005/data/acts/05Act141.pdf)

For information about WHEAP or weatherization programs, see: <http://homeenergyplus.wi.gov> or call 1-866-HEATWIS (432-8947).

For information about KWWF, see: [www.kwwf.org](http://www.kwwf.org) or call 1-800-891-WARM (9276).

For energy conservation help for households above the income limits, see: [www.focusonenergy.com](http://www.focusonenergy.com) or call 1-800-762-7077.